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Previous references

Nos. 1 - 17, 18 - 19, 20 - 23,
24 - 28.

Later references

Nos. 44 - 73.

Section Cy. Mc.
File No 87 of 1899
Serial No 29 - 43

Copies of correspondence relating to
Arrangement with Messrs
Contract Co in connection
with Cauveri power Scheme

Confidential.

Telegraph Code words for use in the matter of the Dewan's proposals for an arrangement with Bankers in London for payment of £350,000 to manufacturers and others in England and America for Plant, Machinery &c. required for the Kaveri Electrical Power Scheme as per Dewan's Confidential Memo dated 24th November 1899.

Ordinary Words	Code Words.
Messrs. Coutts & Co. —	Adder.
Messrs. Taylor & Sons —	Adept.
Messrs. Rothschilds —	Agate.
Messrs. Baring Brothers —	Aimless.
Messrs. King & Co. - - -	Albeit.
The National Bank of England.	Allegro.

V

Ordinary words.	Code words
Messrs. Coutts & Co. are willing to enter into the proposed arrangement on the general lines of the Dewan's memo.	Allopaths.
Messrs Coutts & Co. demand important alterations of terms proposed in memo.	Amatory.
Messrs Coutts & Co. suggest only slight alterations in matters of detail.	Asklas.
Messrs Coutts & Co. require tangible Security for the Loan — — —	August.
The rate of interest per annum asked for by Messrs Coutts & Co. is — —	Auricle.
Messrs Coutts & Co. are unwilling to enter into the proposed arrangement.	Bagatelle.
On the ground that the transaction is not a business of the kind they do.	Baggage.
On general grounds —	Bahadur.

Ordinary Words —	Code words —
—— are willing to enter into the proposed arrangement, if they get the Mysore State' Custom as London Bankers —	Balaster.
—— are not likely to wish to enter into the proposed arrangement.	Balmy.
—— are likely to enter into the proposed arrangement if they get the Mysore State' Custom as London Bankers —	Bantam.
Are likely to offer more advantageous terms than Messrs Coutts & Co. for proposed arrangement.	Barony.
ask for interest per annum at the rate of — ——	Bastion.

4

Ordinary words	Code words.
The proposed arrangement is not feasible in the London market.	Chaos.
Proposed arrangement not feasible now in the London market but may be feasible some months hence.	Chaplet.

Note. – For other words required use ordinary ones (including proper names).

To: Letter from Sir K. Sheshadri Iyer, K. C. S. I, Dewan of Mysore, to Messrs Coutts and Co, London, dated Bangalore, 26th November 1899.

The Mysore Government are proposing to establish all necessary works for utilizing the Water Power of the Falls of the River Kaveri at Sivansamudram, for the generation of Electrical Power. We propose to transmit the Power thus generated to the Kolar Gold Field, where the same will be sold to the various mines. We are entering into a Contract with Messrs John Taylor & Sons to buy the Electrical Power thus to be supplied by us for use at all their mines for a period of 5 years certain

and to pay a specified price for the same. This price is to be paid in sterling in London.

We have deputed Captain A. Jobs de Lotbiniere, R.E. (Deputy Chief Engineer and Under Secretary to the Government of Mysore in the Department of Public Works) to England and America to settle the details of the works, Plant and Machinery, in communication with experts and to negotiate the terms of the proposed Contract with Messrs. Taylor and Sons. The object of this letter is to enquire if you will be so good as to finance the payments which the Mysore Government expect to have to make in England and America to manufacturers and others. I am sending to Captain A. Jobs de Lotbiniere by this mail the details of the arrangement I propose for your consideration. He will present the same to you and

and supply you with any additional information you may require regarding the nature, scope and financial aspects of the proposed Scheme, how the payments to manufacturers have to be made in England and America and on the other hand what receipts are expected by us in England from Messrs Taylor Sons as price of the Electrical Power to be supplied to them, over and above the present income from Royalty which you now receive for us.

I shall be glad to hear at your convenience that you are able to agree to the arrangement I propose and in that case to have your views regarding any terms in detail which you may wish to propose.

Captain A. Joly de Lotbiniere has my fullest confidence and you may entrust to him — or send me direct — as may suit your

convenience your reply to this letter and any detailed proposals which you may wish to communicate to me.

Hoping to have the pleasure of hearing from you in due course.

No: D. O. letter from Sir K. Sheshadri Iyer K.C.S.I, Dewan of Mysore, to Captain Lotbiniere, dated, Bangalore, 26th November 1899.

I send you herewith two copies of a Confidential Memo containing certain proposals for the financing of our English and American payments for the Kaveri Electrical Power Schemes. Also copy of a letter I am sending by this mail to Messrs. Coutts & Co.

Kindly interview Messrs Coutts and Co., present to them a copy of the enclosed Confidential memo, give them any additional information they may require and

and ascertain their views as to what they are prepared to do in the matter. I trust that as our Bankers they will agree to do this Business for us. The Electrical Power Scheme will make a permanent large addition to their Banking Business with us, and I trust that it would be worth their while to agree to the Special account I propose.

No: Confidential Memorandum by Sir K. Seshadri Iyer K.C.S.I., Dewan of Mysore, dated, Bangalore, 24th November 1899.

Judging from information received up to date, the following will be the maximum of payments required in England and America, for machinery and Plant, for the Larger Scheme for 6285 H.P. which is to include electrically driven air compressors.

Generation

	£
Generation and transmission machinery and plant at £35 per H.P.	314,250.
Distribution Plant at the mines at £15 per H.P.	
Total £50 per H.P.	
Electrically driven air compressors for 3285 H.P. – Assumed cost £12 per H.P.	39,422
	£353,672.

This is the maximum we expect to have to pay in England and America, to manufacturers etc^a. The payments will be distributed, let us assume over 18 months from 1st July 1900 to 31st December 1901.

2. On the other hand the receipts we may expect in England consist of the 5% Royalty we already get on our Gold Mines and of the price for Electrical Power, we expect to be paid in England quarterly (monthly would be better) from the time our works

works are established say from 1st January 1902.

Our present income from Royalty is over £70,000 per annum distributed over all the months - See appended statement for 1897 and 1898.

Our expected income from Sale of Electrical Power to the Gold Fields on the basis of the proposed agreement with Messrs Taylor & Sons will be as follows:-

	£
During the year 1902 at £29 per H.P.	180,000.
During the year 1903 at £18 per H.P. ...	112,000.
— do — ——— do 1904 ..	112,000.
— do — — — — do: 1905 ..	112,000.
— do — .... do: 1906 at £24 per H.P. } ..	150,000.

Thus the State's sterling income realized in England, which now is over £70,000 per annum from the Royalty alone will be increased to about £200,000 per annum, when our Electrical Power works are

Established. The Electrical Power Works will make the mines more prosperous; mines which don't pay now, will be able to show remunerative results when cheap power is supplied to them, and mines which already pay good dividends will be able to give even better dividends hereafter. Altogether the proposed Electrical Power Works will be an important additional help to the pro-perous Gold mining Industry in the Kolar Gold Field. Under such circumstances, I naturally desire to finance the Electrical Scheme in con-nection with the Gold mining Industry and our receipts from it.

3. Messrs Coutts & Co are our Bankers in London, who receive for us the Royalty from the various mines and we already have an ordinary Banking account with them.

4. It will be a great convenience in many ways if we can enter into a special arrangement with them for financing the payments which would be required in England and America on account of the Electrical Power Scheme. The simplest arrangement for this purpose is by means of a special account between this Government and Messrs Coutts and Co. My rough proposals regarding such a special account are as follows.

1. Messrs Coutts and Co to pay on account of the Singapore Government, from time to time as required, specified sums of money to manufacturers and others, on a definite programme to be previously laid down and accepted by both parties. This programme will spread the payments over a period of 18 months from 1st July 1900 to 31st December 1901, and the aggregate of

-of such payments may be limited to £350,000. All such payments to be placed to the debit of the Mysore Govern-ment in the special account in question and to carry interest at a rate mutually agreed upon.

2. To the credit of this special account should be entered all sums received by Messrs Coutts and Co on account of Royalty on Gold Mining Leases, price for Electrical Power supplied to the mines in the Kolar Gold Fields, etc.. We will of course give irrevocable instructions to Messrs Taylor & Sons, to pay Royalty and price of Electrical Power to Messrs Coutts and Co for the purpose of liquidating the special account in question. The Mysore Government will further guarantee that the sums received by Messrs Coutts & Co

6

to the credit of the special account as above shall not be less than the following minimum amounts, namely:—

	£
From 1st July to 31st December 1900.	25,000.
From 1st January to 31st December 1901 ...	50,000.
From 1st January to 31st December 1902	150,000.
From 1st January to 31st December 1903.	Whatever sum may be required to liquidate in full the whole of the Special Account—both Principal and Interest.

3rd Should the sums received by Messrs Coutts & Co fall short of the above minimum in any year, the Government will, on intimation make good such deficiency by a separate payment.

4th Any sums received by Messrs Coutts & Co, on account of the Mysore Government over and above

above the minimum amounts specified in the preceding clause to be placed to the credit of their ordinary account with the Mysore Government. Provided that if the Mysore Government intimate their desire that any sum should be transferred from the credit of the ordinary account to that of the Special account, Messrs Watts & Co will give effect to such desire though the aforementioned minimum amount for the year may have already been credited to the latter (the special) account. Any such excess credit of one year to be available to cover any deficit credit of a subsequent year, for the purpose of the abovementioned minimum and 5 $\frac{1}{2}$ The interest to be charged to the Mysore Government shall be on the debit balance against

Statement shewing the Monthly credits received by Messrs Coutts & Co., London, on account of Royalty account.

Month.	1897 £	s.	d.	1898. £	s	d
January	7,100	3	9	7737	5	6.
February	6,833	18	3	8,041	18	-
March	2,676	1	5	6588	11	8
April.	3,768	17	7	847	2	11
May	5,018	18	11	13,441	2	8
June.	5,436	13	1	6,785	12	-
Total for half year —	30,834	13	-	43,442	2	9
July	7,645	12	7	7,233	11	1
August	4541	13	4	3068	8	2
September	7,220	15	9	9,422	13	9
October	5747	18	10	4,734	17	10
November	4,142	6	9	5,665	3	8.
December	10,944	7	10	6,417	5	11.
Total for 2nd half year —	40,342	15	1	36,542	-	5.
Total for the year —	71,177	8	1	79,984	3	2.

No: 61

Confidential D. O. Letter from Captain A. Jolly de Lotbiniere R.E, dated London 21st December 1899 to Sir K. Sheshadri Iyer K. C.S.I. Dewan of Mysore.

Your letter of the 26th November reached me last monday evening the 18th.

On Tuesday morning I called at Smiths and had a conference with the Manager of the Indian Department. I did not show him your Confidential memo at the time but generally explained the situation to him and asked if the loan as suggested was in their line and if so were they prepared to negotiate on the subject. The Manager asked me to return in the afternoon and discuss the question with one of the heads of the House.

In the afternoon, I met Mr Marshbank

Second

Second partner and Mr Ronald head of the Indian Department. I produced your memo and Mr Marshbank read it. He would not allow that the Security was really of any value. 1st the Royalty, he maintained might cease at any moment in the event of war with Russia, famine or severe plague, Secondly, he doubted if under English Law we could absolutely secure the anticipated Royalty from the mines to South &c. Again he brought up the time, i.e. the length of time for which we required the loan, this he maintained was far beyond the ordinary limit of 3 to 6 months.

Then as to anticipated revenue from the Scheme on its completion, he would not consider that as security at all, as it was not tangible or negotiable. Again he

urged

urged scarceness of money and the state of the markets owing to the war. I replied to his arguments to the best of my ability, and eventually I asked him to formulate a proposal, if ours did not appear satisfactory.

He asked me to leave the memo with him and to meet him again on Thursday morning when he would give me a definite reply after consulting the head of the House.

This morning (Thursday) I met Mr Ronald and Mr Malcolm the Senior partner of the House.

Mr Malcolm told me their wish was to meet us, and he was prepared to advance us the money and in fact to finance the scheme, if we would cover the loan or secure it

it by Rupee paper which we hold. His offer is to finance us on our depositing Rupee paper. This paper would be endorsed for payment of interest in London, and endorsed for payment to Conti & Co.

The paper would be absolutely safe with them and would be returned on our repaying the loan, the Royalty from the mines and payments for bonus might be employed to liquidate the debit, but if these sources for any reason failed the Rupee paper would be their security.

Regarding details such as interest etc., Mr. Malcolm strongly advised me not to settle that point yet as the bank rates are so high and the market so upset. He thinks we may count on a settlement of interest 1/2 p.c.

or

or so higher than the Bank's. To put it shortly could we will finance us on Security of Rupee paper and will settle the details when we actually require the money.

I consider we could not hope for a more favorable offer. I forgot to mention that Mr Malcolm understands from me that if the paper is handed over as Security, the Government of India will be informed if only demi-officially. We made a point of this. I consider that that question is fairly well settled. But I have just heard from the Mints that a full meeting of the Directors have decided definitely not to sign the agreement unless we will extend their leases for 30 years from date of signing. I feel that this decision puts an end to negotiations, as you will never agree.

agree. The mines think we are so absolutely bent on carrying out our scheme that they can force this claim on us, but I think they are mistaken. Our terms are most liberal and I would give nothing more, but I should feel inclined to say to them "unless you do sign the agreement your leases will never be extended, as the next leases will only be granted to Companies who agree to use power supplied by the Mysore Government."

The mines are sending you a cable today and also a long letter of explanation. I am in a hole as I have all my tenders in, but can do nothing, however I shall complete all arrangements now that I have gone so far, i.e. decide as to which is the best tender and get out preliminary

terms

terms of contract and then await your decision on Taylor's last appeal. You will be in a position to decide when this reaches you. If I am to return to India at once, please ask Colonel Campbell to wire me the single word "Return" if you want me to remain and continue negotiations please wire "Wait". This will mean that I will receive further instructions.

Personally, I am so sick of Taylor & Sons and the Companies that I will be sorry to open negotiations again. They have treated us badly throughout, they have led us on and on and now that the agreement is completed (i.e, all the terms are settled) and they know how anxious we are to get work they throw in the lease question thinking that

that sooner than throw up our Scheme we will give them this further concession. If they had really considered the lease question as vital, why did they wait till now to raise it? We have spent fully £1000 on the Scheme, and this outlay is directly due to Taylor & Sons having led us on and on. I have the experts' fees to pay, and what with my pay, travelling allowances and expenditure in India, we will have wasted well over £1000.

There is no doubt the question of an extension of the lease is vital to the mining Companies, but I do not consider they have gone the best way about getting it, especially as they want the same favorable terms again. I think a reply to them that no lease will be extended unless the Company uses our power

or our own terms will bring them to their

senses, and as they will make such a good

thing out of our power, you can well insist

on raising the Royalty 2 or 2½ per cent.

I will not end my letter now as mail only

leaves tomorrow.

(Friday 22nd December). This morning I received an

official communication from Taylor & Sons to

say they had wired to you and were writing by

~~this~~ mail. I sent off the following cable

to Chief Engineer "Tessilate neuralgia inflexible"

this reads "cannot improve terms, negotiations

suspended for the present. Please send instructions

forthwith." What I mean is Taylors adhere

to extension of mining Lease, I have ceased

negotiations and will await your instructions

to reopen them or return to India.

I consider John Taylor has treated us

badly

badly throughout, and I sincerely hope this may be remembered when he opens negotiations for an extension of his lease.

P. S. I see in reading over my letter, I have repeated once or twice, please excuse.

No: Letter from Messrs Coutts & Co., dated London, 27 January 1900 to Sir K. Sheshadri Esq— K. C. S. I, Dewan of Mysore.

— . —

Under the date of the 18th instant we informed Captain A. Jobs de Lotbiniere R. E. by letter of the terms upon which we could undertake to finance the Electric Power transmission Scheme referred to in your letter of the 26th November last, and, as arranged with him prior to his departure for Bangalore, we now beg to hand you a copy of the letter referred to.

No: Letter from Messrs Coutts & Co., 59 Strand London dated

dated 18th January 1900 to Captain A

Joly de Lotbiniere R.E. Deputy Chief

Engineer and Under Secretary to the Govern-

-ment of Mysore, 84 Ebury street, London.

— a —

Adverting to your interview with

us on the 13th instant respecting the Mysore

Government Electric Power transmission Scheme,

for which the approximate total amount

of the Contract, we understand, will be £2,50,000

required as under

an allotment of tender about 1st July 1900 — £ 20,000

up to end of 1900. . . . . £ 65,000.

During 1901 - - - - - - - - £ 1,40,000.

During last three months of 1902. £ 25,000.

£ 2,50,000.

We shall be willing to advance the sums re-

-quired by the Mysore Government, provided

that the Dewan, in accordance with our letter

to him of the 21st November last, will agree to

lodge

Lodge with us, as Security, a sufficient amount of Indian Government Promissory notes to cover our advances, and upon the undertaking that the Surplus Royalties passing through our hands (Estimated at about £60,000 per annum) be used here monthly in part payment of the Sums becoming due under the Contract, or in part liquidation of the Sums due to us, as the case may be, during the period of our Loans.

It will be observed that in endeavouring to meet the wishes of the Dewan, we shall bind ourselves for a period extending over about 3 years, whereas in the ordinary way of Business, London Bankers do not commit themselves to Loans for periods exceeding six months.

We still have the uncertainties of the war before us, and although, since writing to the

Dewan on the 21st ultimo, the Bank of England rate has been reduced, it cannot be said that any material change for the better has taken place in the general outlook. It must therefore be understood that, in the event of any severe monetary crisis arising in London in the years 1901, 2 or 3 we may use the Rupee Paper for the purpose of having the loan, or any part of it, under-written for the time being. This is purely a precautionary measure and one which it is not anticipated that we shall have any occasion to exercise. As arranged you will please personally explain this last mentioned point more fully to the Dewan upon your return to Bangalore.

From your figures we might be under advance in the years named as under

under.

£ 1,15,000 . . . . . 31st December 1901.

70,000 . . . . . 1st October 1902.

80,000 . . . . . 31st December 1902

In calculating at the market price the Sterling amount of the notes to be held by us as Security, we should require a maintained margin of 10 per cent over the amount of our advances, and thus if the market price fell 2 or 3 points and the amount under advance at the time were large, we should require further notes to be lodged with us to cover the deficiency of margin. It would however without doubt save the Dawan and the Mysore Government trouble if they placed a larger margin in our hands at the beginning of the business – as in all probability that course would avoid the necessity of any

reference

reference on the matter.

We should propose to open a separate account for the Mysore Government marked "Electric Power transmission Contract" and to place to that account, the sums required, upon receipt of notice from the Dewan, or from the Contractor, as you may arrange. The payments on the account to be made by us upon the Contractors producing to us for inspection only Bills of Lading with memoranda of the invoices, but without responsibility on our part as to the actual shipment of the goods.

In regard to terms the interest charged would be ½ per cent per annum above Bank of England rate with a minimum charge of 4 per cent. per annum.

The Indian Government Promissory Note would have to be endorsed for payment of interest

interest in London and the Interest Bills received by us could be transmitted to the Dewan, or realized here in Sterling for the purposes of our Loan.

In the foregoing we have merely dealt with the Royalties in connection with the repayments, but the Dewan would of course have power at any time to reduce our advances by making remittances in augmentation of the Royalties.

Do: D O. letter dated Bangalore, 7th July/00 from Sir K. Sheshadri Iyer K.C.S.I. Dewan of Mysore to Col: Robertson

— a —

We received yesterday from Captain Thomson, our London Secretary to the Kaveri Electrical Power Scheme, a wire to the effect that the Mining Companies in the Kolar Gold Field

Field have signed contracts to buy from us an aggregate of four thousand and ninety one (4091) Electrical Horse Power. As this point is now satisfactorily settled, there is no longer any uncertain element about the Scheme. I am accordingly proposing to embark upon the Scheme, by sending a wire to the General Electric Company of America, to accept their tender for the supply, erection and one year maintenance of the Electrical plant. This done, the Dunbar will be committed to carry the Scheme through. I propose to take this step today as we are very near the time when the tenders would lapse.

The financing the Scheme will be done entirely out of the State funds, and the payments required in England and America will be made through our London Bankers — Messrs Coutts & Co.

The

The Success of the Scheme is fully assured and I have taken every precaution to render any failure impossible. There is no reasonable ground for any apprehension regarding the insufficiency of the water supply for the 4091 Horse Power, which it is the aim of the present Scheme to generate, transmit and sell at prices which will repay the Capital outlay with interest at 4% in less than 5 years, and I hope that the Scheme will be in full working order within 20 months from today.

I do not think that the existing conditions point to the probability of a famine this year, but should unfortunately the future rains fail and a famine happen, I have a sufficient reserve of funds

funds for the relief measures required after providing for the requirements of the state, including the Electrical Scheme. Careful attention to the finances is of course necessary

I shall pay you a visit at 4 P.M. today, unless you tell me that some other hour would be more convenient to you to see me. When I come, I shall give you any further explanation required.

To: Telegram from the Dewan of Mysore to Coutts & Co. - 59 Strand, London, dated 7 July 00.

— • —

I accept proposals in your letter to Captain Lebiniere of eighteenth of January for payments for Electrical Scheme. Captain Thomson appointed Secretary. Letter with Securities follows.

First payment required under ten thousand pounds.

To: Letter No: A, dated Bangalore, 8th July 1900 from the Comptroller to the Government of Mysore to Secretary and Treasurer, Bank of Madras, Madras.

I have the Honor to state that Government of India Rs notes of 1865 to the aggregate face value of 20 Lakhs of Rupees out of those belonging to the Government of Mysore and in the Custody of the Bank of Madras, have to be endorsed by the Dewan of Mysore in favor of Messrs Coutts & Co. 59 Strand, London, and forwarded to them. I request therefore that you will be so good as to forward to me the upper halves of the promotes as per enclosed list signed by the Dewan.

2. I shall intimate the despatch to Messrs Coutts & Co. of the upper halves when I beg you will kindly forward the Lower halves yourself direct to the said Firm in London.

No: Letter No. 24 D 115/284,

dated, Madras, 10th July 1900, from-

Secretary and Treasurer, Bank of Madras,

Madras, to the Comptroller of Mysore, Bangalore

— a —

I have the honor to acknow-

ledge receipt of your letter of 8th instant

and as requested return herewith first bal-

ance of 170 Government Rs: Notes aggregating

Rs 20,00,000/- (twenty lakhs) as per enclosed

Schedule.

I observe from the list which

accompanied your letter, and which is

returned for your inspection, that you have

entered the nine notes Nos: M: 008463 and M

008492 to M 008499 twice.

I therefore send you M 008458

and

and Nr 008392 to Nr 008399 to make up

the total of Rupees 20 Lakhs.

One receipt of advice from

you that the first halves have been

despatched to Messrs Coutts and Company, I

note to forward the second halves to them

direct.

Your Account has been debited

Rs 2500, being withdrawal commission at 1/8

per cent.

Please acknowledge receipt.

Letter No: 57 D.C. dated Bangalore

12th July 00 from the Comptroller to the

Government of Mysore to the Secretary

and Treasurer, Bank of Madras, Madras.

— — — — —

I have the honor to acknow-

-ledge receipt of your letter No: A.C.

115/284 dated 10th instant, and the halves

of 70 Government Ho: notes* aggregating

20 Lakhs of rupees

Herewith I return

* Cheque of Government Paper herewith

those notes* duly endorsed by the Dewan of

Mysore, in favor of Messrs Coutts & Co.,

London, and request you will be so good

as to attach the necessary printed certi-

-ficate as to the correctness of

Endorsements

&c.

* sent Registered in a separate Packet.—

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Endorsements &c, and also to have the required enfacements duly made for payment of interest in London and transmit the papers direct in to Messrs Coutts & Co., sending the first halves by the next mail and the other halves by a subsequent mail.

Preliminary Programme.

Probable payments required in England on the Special Account — "Electric Power Transmission Contract."

When payments would be required.	Probable date.	Probable amount.
First shipment of materials —	December 1900	£ 55,000.
Arrival of materials in India.	January 1901.	" 4,000.
During erection in India. (In monthly instalments)	February to May 1901.	" 9,200.
Second shipment of materials — including Hydraulic and Distribution Plant).	June 1901.	68,000.
Arrival of materials in India.	July 1901.	" 12,000.
During erection in India. (In monthly instalments). . . .	August 1901 to March 1902.	" 30,000.
	Total.	£ 1,78,200.

To: Comptroller's memo, dated 11th July 1900.

Under the arrangement come to with Messrs Coutts & Co., London, to make payments on account of expenditure in connection with the Kaveri Falls Electric Scheme embarked upon by the Government of Mysore, it will be necessary in future for Messrs Coutts & Co. to maintain two separate accounts with the Mysore Government one to be styled as at present "Mysore Government Royalty account with Coutts & Co., London," and a second one to be called "Mysore Government Kaveri Falls Electric Scheme account."

"Accounts". 45

In the first of these accounts all the Royalty paid by the Gold Mining Companies will be credited and only payments on account of Europe Family Remittances, Pensions and Furlough allowances of the Officers of the Mysore Government will be debited.

The receipt on account of Royalty is Estimated to amount to £6350/ a months* and the payments to £800/ as shewn in the margin. The Royalty account may therefore start with a fixed Balance of £1000/ at the beginning of each months instead of £2000/ as heretofore. The extra £200/ will be necessary to meet payments of any unpaid requisitions and

*average of 3 years 1897-98, 98-99 & 99-1900.

Estimated monthly payment on account of Europe Family	
Remittances	£600.
Pensions	" 60
Furlough allowances	" 140
	Total 800

and also of any urgent and special demands that the Government may find necessary. All payments on account of Europe supplies to the various Departments including the D. P. W, Railway and Sanitary, will have to be arranged by the Heads of Departments concerned by means of Bank drafts.

In the 2nd account on the receipt Side, the balance which remained at credit of the 1st or Royalty account which as above estimated may amount on an average to £5350 at close of the month, will be credited and all payments made by Conts & Co to Contractors and the interest charged on Balances, will be debited and the closing balance will represent the amount due to Messrs Conts & Co by the

the Mysore Government.—

Specimen forms of Accounts are given below:—

I account. Mysore Government Royalty account with Coutts & Co., London.

	£		£
To Opening balance	1000	To payment on account of Europe Family Remittance	600.
By Royalty received from Gold mining companies during the months.	6,400.	do — Pensions -	60
		do Furlough allowances —	140.
		To amount transferred to M. S. K. T. Account —	800.
		Balance — — —	5,600.
			1,000.
£	7,400		7,400.

II account. Mysore Government Kaveri Falls Electric Scheme account.—

	£		£
By Amount transferred from Royalty account.	5,600.	To Payments to Contractors	20,000.
By Balance —	14,900.	Interest on Dr. Balances at close of the month of —	500.
Total.	20,500.	Total —	20,500.

Both these English accounts will be incorporated in the accounts of this Office in terms of the Indian Currency at

at 15 Rs a pound 18 Sterling as is now done in the accounts of the British Government.

The amounts paid by Contts a/c on account of Kaveri Falls Works will be transferred to the P.W.D. for adjustment in their accounts while debits raised by them on account of interest due will be charged in the Civil account to the Budget head "Interest."

No: Letter dated, Bangalore 12th July 1900, from the Dewan of Mysore, to the Secretary and Treasurer, Bank of Madras, Madras.

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You will be interested to learn that the Mysore Government has now resolved to carry out the Great "Kaveri

Kaveri Electrical Power Transmissic

Scheme" which has attracted so

much attention not only in this Country

but in. America and Europe as well.

It is on account of payments re-

-quired for the manufacturers of the

Hydraalic and Electric plant in Switzerland

and America that I wish to send to Messrs

Coutts & Co, twenty Lacs of Government of India

Securities. I have duly endorsed the Halves

of these Securities which you returned to

my Comptroller in favor of Messrs Coutts

and Co. The Comptroller is returning them to

you to be enfaced for payment in England

and to be transmitted direct to Messrs Coutts

& Co. Kindly expedite their transmission as

requested in the letter the comptroller is writing

to you.

J

I have yet to arrange for 20 or 25 Lacs on the Government of India Securities, for the purpose of improving the Cash Balance. I can wait to do this for the next 3 or 4 months or more. When I last saw you at Madras, you kindly promised to help me in the matter with your advice and suggestions. I shall be glad to hear from you on the subject at your convenience. It is of course ruinous to attempt to realize the Securities in the present market, nor can I see any near prospect of the market improving.

Ro: Letter No: 4 / D.C., dated Bangalore, 12th July/00, from the Dewan of Mysore, to Messrs Coutts & Company, 59, Strand, London.

I have the honor to confirm the

the following telegram which I sent you on the 7th instant:-

I accept proposals in your letter "to Captain Lobbiniere of eighteenth of "January for payments for Electrical "Scheme. Captain Thomson appointed "Secretary. Letter with Securities follows. "First payment required under ten thousand "pounds"

2. I thank you for agreeing to make on behalf of the Mysore Government all payments required to be made to manufacturers and others on account of the Kaveri Electrical Power Transmission Scheme. I was not able to write earlier as the execution of this Scheme was finally resolved upon only within the last few days

3. The terms of the proposed arrangement for a special account to be called "Electrical Power Transmission Contract" as described in your letter dated London, 18th January 1900, to Captain A. Joly de Lotbiniere are fully accepted by me on behalf of the Mysore Government.

4. As security for this special account, I propose to deposit with your Government of India Securities of the aggregate face value of twenty lakhs of Rupees. I am instructing the Bank of Madras to forward to you first the first halves and then the second halves of these securities. They will be sent endorsed for payment in England and duly endorsed in your favor. Though the first payment on the security of these Government of—

of India Securities will not be required for another 5 or 6 months as hereafter explained, yet I am depositing them at once so as to give you sufficient time for preparation.

5. I forward herewith a copy of the instructions I have issued to Captain Thomson who has been appointed the Secretary to the Kaveri Power Transmission Scheme in England and I beg to request your attention to the procedure therein prescribed regarding payments to be made by you to Contractors and others.

6. Captain Thomson will hereafter furnish you with the probable programme of payments which would be required, based upon the instalments in which and the dates upon which the Contractors expect to make shipments of materials etc. Meanwhile, I forward for information

information (a preliminary programme
of probable payments during 1900, 1901
and 1902. I propose to leave with you
sufficient funds to meet the preliminary pay-
ment of under a ten thousand which will be
required to be made upon completion of con
-tracts with manufacturers either this month
or the next. With this object, the Comptroller
is telegraphing to you today not to make
any remittances on the Royalty account
until further orders.

8. The first payment on special
account to be called "Electrical Power
Transmission Contract" will not be re-
-quired till the first shipment of materials
is made by the Contractors. This is not likely
to be before next December. This account

"Re

"The Electrical Power Transmission Contract" will accordingly commence from the date on which you actually make the first payment under it (probably in December next). Any balance with you on that date to my credit may be allowed to remain in your present General account with me. The Royalty payments received by you after the abovementioned date may also be credited to the special account of "Electrical Power Transmission Contract". Interest realized on the Government of India Securities deposited with you may always be credited to your General account with me, and I shall from time to time make you such remittances

As may be necessary to the credit of this General account so as to place you in funds for meeting all payments as heretofore on account of the Ohgoore Government, other than payments in the Special Account "Electrical Power Transmission Contract" to commence with the first shipment of materials.

Letter No. 4 dated Bangalore, 12th July 1900, from the Dewan of Mysore, to Messrs. Coutts & Co., 59, Strand, London.

I have the honor to confirm the following telegram which I sent you on the 7th instant:-

"I accept proposals in your letter to Captain Lotbiniere of "eighteenth of January for payments for Electrical scheme. Cap- "tain Thomson appointed Secretary. Letter with securities fol- "lows. First payment required under ten thousand pounds."

2. I thank you for agreeing to make on behalf of the Mysore Government all payments required to be made to manufacturers and others on account of the Kanveri Electrical Power transmission Scheme. I was not able to write earlier as the execution of this scheme was finally resolved upon only within the last few days.

3. The terms of the proposed arrangement for a special account to be called "Electrical Power Transmission Contract" as described in your letter dated London, 16th January 1900, to Captain A Joly de Lotbiniere are fully accepted by us on behalf of the Mysore Government.

4. As security for this Special Account, I propose to deposit with you, Government of India securities of the aggregate face value of twenty lakhs of Rupees. I am instructing the Bank of Madras to forward to you first the first halves and then the second halves of the securities. They will be sent enfaced for payment in England and duly endorsed in your favor. Though the first payment on the security of these Government of IndiaSecurities will not be required for another 5 or 6 months as hereafter explained, yet I am depositing them at once so as to give you sufficient time for preparation.

5. I forward herewith a copy of the instructions I have issued to Captain Thomson who has been appointed the Secretary to the Kauveri Power Transmission Scheme in England and I beg to request your attention to the procedure therein prescribed regarding payments to be made by you to contractors and others.

6. Captain Thomson will hereafter furnish you with the probable programme of payments which would be required, based upon the instalments in which and the dates upon which the contractors expect to make shipments of materials &c. Meanwhile, I forward for information a preliminary programme of probable payments during 1900, 1901 and 1902. I propose to leave with you sufficient funds to meet the preliminary payment of under ten thousand which will be required to be made upon completion of contracts with manufacturers either this month or the next. With this object the Comptroller is telegraphing to you to-day not to make any remittances on the Royalty account until further orders.

8. The first payment on special account to be called "Electrical Power Transmission Contract" will not be required till the first shipment of materials is made by the contractors. This is not likely to be before next December. This Account "The Electrical Power Transmission Contract" will accordingly commence from the date on which you actually make the first payment under it (probably in December next). Any balance with you on that date to my credit may be allowed to remain in your present general account with me. The Royalty payments received by you <u>after the above mentioned date</u> may all be credited to the Special Account of "Electrical Power Transmission Contract". Interest realised upon the Government of India Securities deposited with you may always be credited to your general account with me, and I shall from time to time

make you such remittances as may be necessary to the credit of this general account so as to place you in funds for meeting all payments as heretofore on account of the Mysore Government, other than payments in the Special Account "Electrical Power Transmission Contract" to commence with the first shipment of materials.

PRELIMINARY PROGRAMME
of

Probable Payments required in England on the Special Account "Electrical Power Transmission Contract".

When payments would be required.	Probable Date.	Probable Amount.
First shipment of materials. ...	December 1900.	£ 55,000
Arrival of materials in India...	January 1901	£ 4,000.
During erection in India. (In monthly instalments).	February to May 1901	£ 9,200.
Second shipment of materials (Including Hydraulic and Distribution Plant)	June 1901.	£ 68,000.
Arrival of materials in India...	July 1901.	£ 12,000.
During erection in India. (In monthly instalments)...	August 1901 to March 1902.	£ 30,000.
	Total	£ 1,78,200

No.

Office of the Dewan of Mysore.

Dated Bangalore, July 1900.

Copy forwarded to the Comptroller to the Government of Mysore for information, together with a copy of instructions issued to Captain J. Thomson.

By Order,

Assistant Secretary.